

Senate File 2419 - Enrolled

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SENATE FILE 2419

AN ACT

RELATING TO THE PROPERTY TAX EXEMPTION FOR SPECULATIVE SHELL BUILDINGS AND INCLUDING EFFECTIVE AND RETROACTIVE APPLICABILITY DATE PROVISIONS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 427.1, subsection 27, Code Supplement 2007, is amended to read as follows:

27. a. SPECULATIVE SHELL BUILDINGS OF CERTAIN ORGANIZATIONS. New construction of shell buildings by community development organizations, not=for=profit cooperative associations under chapter 499, or for=profit entities for speculative purposes or the portion of the value added to buildings being reconstructed or renovated by community development organizations, not=for=profit cooperative associations under chapter 499, or for=profit entities in order to become speculative shell buildings as provided in this subsection.

b. The exemption shall be for one of the following:

(1) The value added by new construction of a shell building or addition to an existing building or structure by a community development organization, not=for=profit cooperative association under chapter 499, or for=profit entity.

(2) The value of an existing building being reconstructed or renovated, and the value of the land on which the building is located, if the reconstruction or renovation constitutes complete replacement or refitting of the existing building or structure, by a community development organization, not=for=profit cooperative association under chapter 499, or for=profit entity.

c. The exemption or partial exemption shall be allowed only pursuant to ordinance of a city council or board of supervisors, which ordinance shall specify if the exemption will be available for community development organizations, not=for=profit cooperative associations under chapter 499, or for=profit entities and. If the exemption is for a project described in paragraph "b", subparagraph (1), the exemption shall be effective for the assessment year in which the building is first assessed for property taxation or the assessment year in which the reconstruction or renovation addition to an existing building first adds value and. If the exemption is for a project described in paragraph "b", subparagraph (2), the exemption shall be effective for the assessment year following the assessment year in which the project commences. An exemption allowed under this subsection shall be allowed for all subsequent years until the property is leased or sold or for a specific time period stated in the ordinance or until the exemption is terminated by ordinance of the city council or board of supervisors which approved the exemption. Eligibility for an exemption as a speculative shell building shall be determined as of January 1 of the assessment year. However, an exemption shall not be granted a speculative shell building of a not=for=profit cooperative association under chapter 499 or a for=profit entity if the building is used by the cooperative association or for=profit entity, or a subsidiary or majority owners thereof for other than as a speculative shell building. If the shell building or any portion of the shell building is leased or sold, the portion of the shell building which is leased or sold, and a proportionate share of the land on which it is located if applicable, shall not be entitled to an exemption under this subsection for subsequent years. An application shall be filed pursuant to section 427B.4 for each project for which an exemption is claimed. Upon the sale of the shell building, the shell building shall be considered new construction for purposes of section 427B.1 if used for purposes set forth in section 427B.1.

d. (1) If the speculative shell building project is a speculative shell building project described in paragraph "b", subparagraph (1), an application shall be filed pursuant to

3 4 section 427B.4 for each such project for which an exemption is
3 5 claimed.

3 6 (2) If the speculative shell building project is a
3 7 speculative shell building project described in paragraph "b",
3 8 subparagraph (2), an application shall be filed by the owner
3 9 of the property with the local assessor by February 1 of the
3 10 assessment year in which the project commences. Applications
3 11 for exemption shall be made on forms prescribed by the
3 12 director of revenue and shall contain information pertaining
3 13 to the nature of the improvement, its cost, and other
3 14 information deemed necessary by the director of revenue. The
3 15 city council or the board of supervisors, by ordinance, shall
3 16 give its approval of a tax exemption for the project if the
3 17 project is in conformance with the zoning plans for the city
3 18 or county. The approval shall also be subject to the hearing
3 19 requirements of section 427B.1. Approval under this
3 20 subparagraph (2) entitles the owner to exemption from taxation
3 21 beginning in the assessment year following the assessment year
3 22 in which the project commences. However, if the tax exemption
3 23 for the building and land is not approved, the person may
3 24 submit an amended proposal to the city council or board of
3 25 supervisors to approve or reject.

3 26 e. For purposes of this subsection the following
3 27 definitions apply:

3 28 a- (1) (a) "Community development organization" means an
3 29 organization, which meets the membership requirements of
3 30 subparagraph (2) subdivision (b), formed within a city or
3 31 county or multicommunity group for one or more of the
3 32 following purposes:

3 33 (a) (i) To promote, stimulate, develop, and advance the
3 34 business prosperity and economic welfare of the community,
3 35 area, or region and its citizens.

4 1 (b) (ii) To encourage and assist the location of new
4 2 business and industry.

4 3 (c) (iii) To rehabilitate and assist existing business and
4 4 industry.

4 5 (d) (iv) To stimulate and assist in the expansion of
4 6 business activity.

4 7 (2) (b) For purposes of this definition, a community
4 8 development organization must have at least fifteen members
4 9 with representation from the following:

4 10 (a) (i) A representative from government at the level or
4 11 levels corresponding to the community development
4 12 organization's area of operation.

4 13 (b) (ii) A representative from a private sector lending
4 14 institution.

4 15 (c) (iii) A representative of a community organization in
4 16 the area.

4 17 (d) (iv) A representative of business in the area.

4 18 (e) (v) A representative of private citizens in the
4 19 community, area, or region.

4 20 b- (2) "New construction" means new buildings or
4 21 structures and includes new buildings or structures which are
4 22 constructed as additions to existing buildings or structures.
4 23 "New construction" also includes reconstruction or renovation
4 24 of an existing building or structure which constitutes
4 25 complete replacement of an existing building or structure or
4 26 refitting of an existing building or structure, if the
4 27 reconstruction or renovation of the existing building or
4 28 structure is required due to economic obsolescence, if the
4 29 reconstruction or renovation is necessary to implement
4 30 recognized industry standards for the manufacturing or
4 31 processing of products, and the reconstruction or renovation
4 32 is required in order to competitively manufacture or process
4 33 products or for community development organizations,
4 34 not-for-profit cooperative associations under chapter 499, or
4 35 for-profit entities to market a building or structure as a
5 1 speculative shell building, which determination must receive
5 2 prior approval from the city council of the city or county
5 3 board of supervisors of the county.

5 4 c- (3) "Speculative shell building" means a building or
5 5 structure owned and constructed or reconstructed by a
5 6 community development organization, a not-for-profit
5 7 cooperative association under chapter 499, or a for-profit
5 8 entity without a tenant or buyer for the purpose of attracting
5 9 an employer or user which will complete the building to the
5 10 employer's or user's specification for manufacturing,
5 11 processing, or warehousing the employer's or user's product
5 12 line.

5 13 Sec. 2. EFFECTIVE AND APPLICABILITY DATES. This Act,
5 14 being deemed of immediate importance, takes effect upon

5 15 enactment and applies retroactively to January 1, 2007, for
5 16 projects approved by a city council or board of supervisors
5 17 prior to that date. Claims for exemption for the 2007 or 2008
5 18 or 2009 assessment year shall be filed with the appropriate
5 19 governing body on or before October 1, 2008.

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JOHN P. KIBBIE
President of the Senate

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PATRICK J. MURPHY
Speaker of the House

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5 31 I hereby certify that this bill originated in the Senate and
5 32 is known as Senate File 2419, Eighty-second General Assembly.

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MICHAEL E. MARSHALL
Secretary of the Senate

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6 3 Approved _____, 2008

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6 7 CHESTER J. CULVER

6 8 Governor